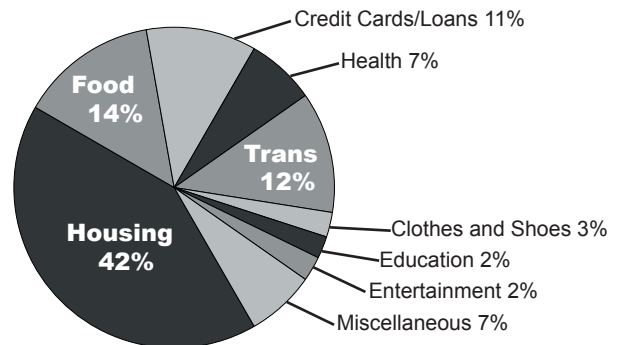


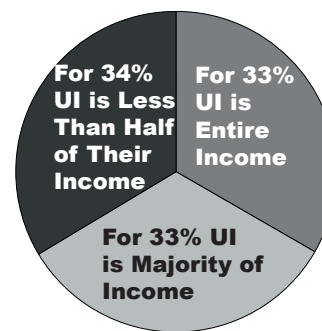
## Unemployment Insurance: Economic Lifeline for Washington State

- Without unemployment insurance (UI), 131,000 more jobs<sup>1</sup> would be lost annually across the nation during recessions.
- Recessions (as measured by declines in real GDP) would be on average 15 percent deeper without benefit of UI dollars.<sup>2</sup>
- The cushioning impact of UI during recessions results from both the direct injection of UI benefit dollars and from the spread of those dollars through the economy -- the multiplier effect. Each dollar in UI benefits added to the economy ultimately increases overall GDP by an average of \$2.15.<sup>3</sup>
- On average, households receiving unemployment spent more than 100% of their total income (104.9%), compared to average households in the Western U.S., which spent an average just 88.5% of their household income.<sup>4</sup>
- People on unemployment spend most of their benefit dollars on basic necessities, such as housing, food, and transportation.<sup>5</sup>
- Research has shown that the amount of money spent on food falls 7% when the head of household becomes unemployed, but would decline a total of 22% without UI benefits.<sup>6</sup>

### Unemployment Benefits are Spent on the Basics

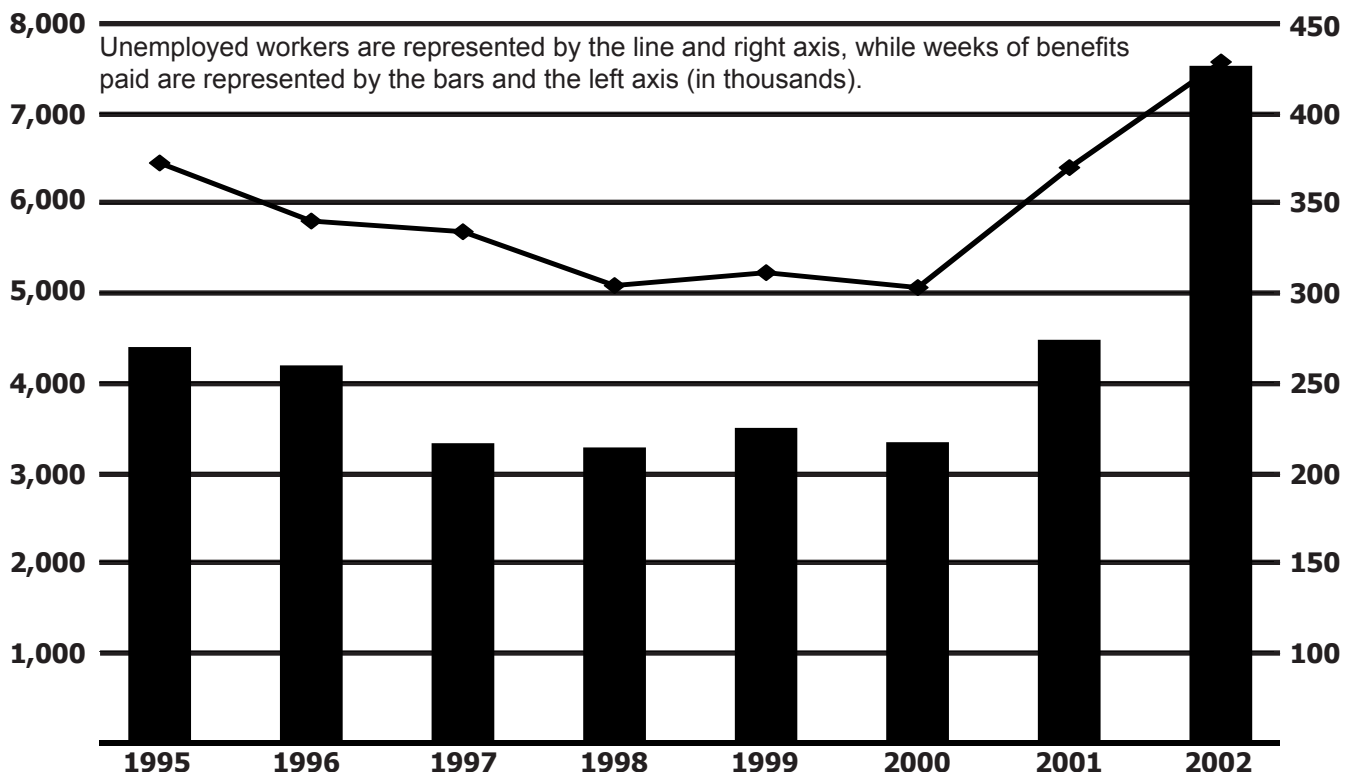


### Claimant Source of Income



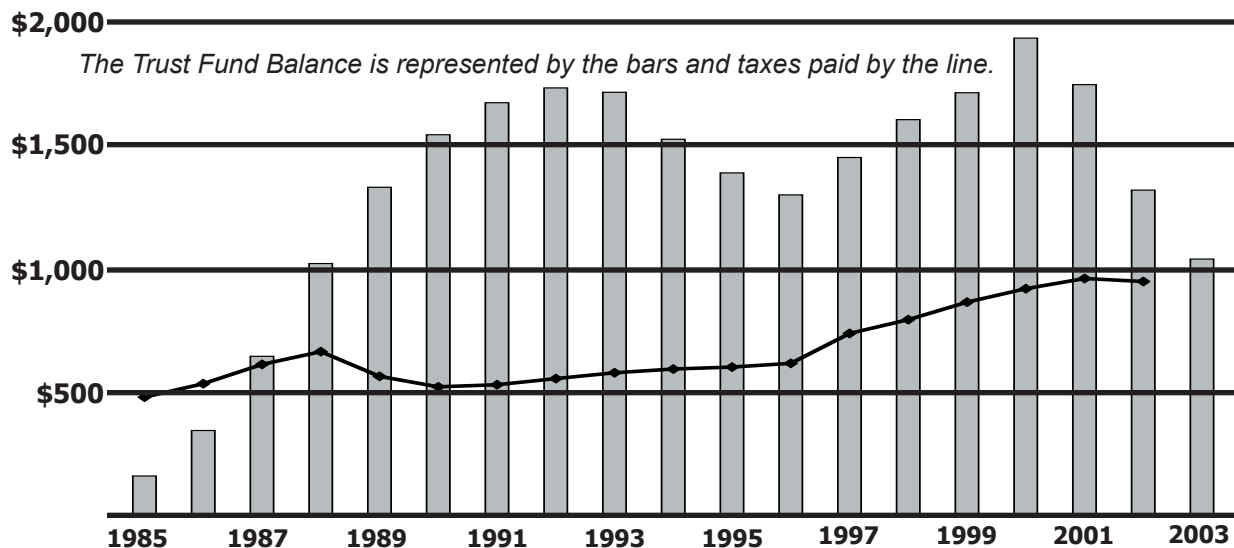
Source: Claimant Expenditure Survey, July 2003, Washington State Employment Security Department

### The State of Washington's Unemployment Insurance Program paid an average of 323,000 unemployed workers 4.2 million weeks of benefits annually between 1995-2002.



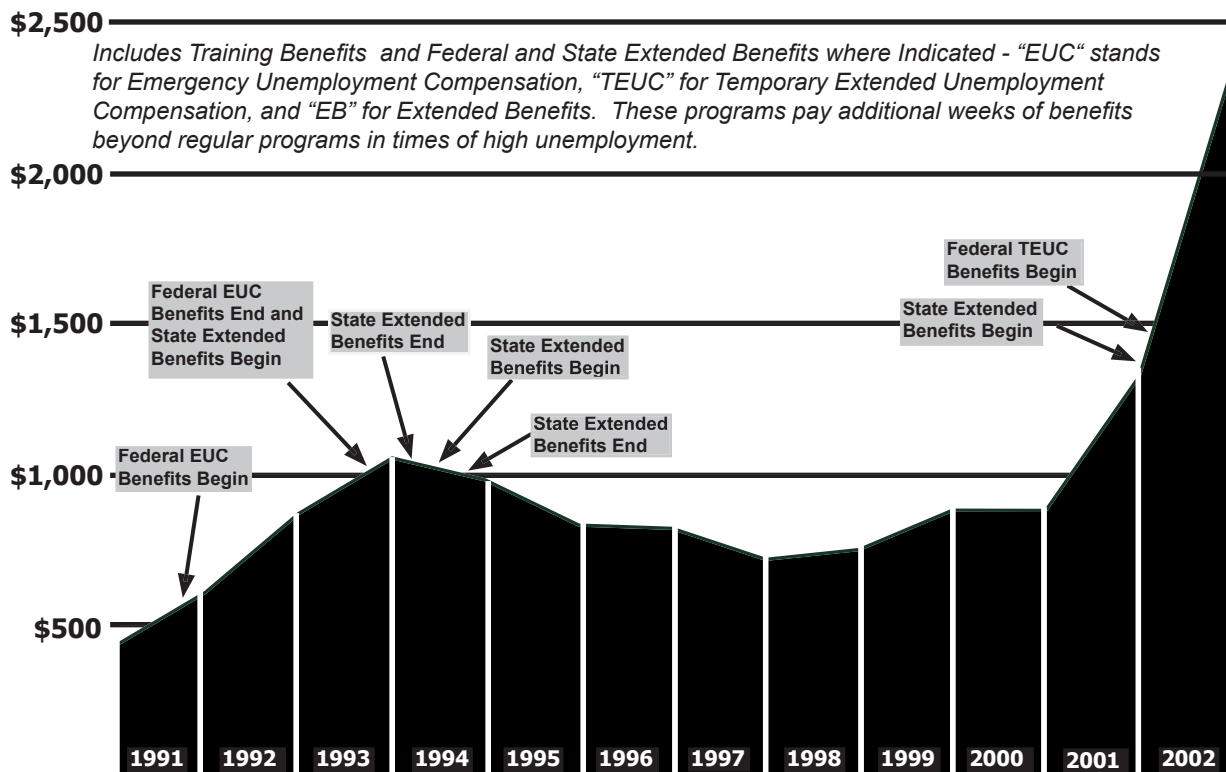
**Steady Tax Payments Allow the Balance of the UI Trust Fund to Grow During Good Economic Times, Ensuring Sufficient Funds to Pay Benefits During Times of High Unemployment. As of April 2003, the Fund was at Just Over \$1 Billion, a 47% Decrease From its 2000 Balance of Over \$1.9 Billion.**

UI Trust Fund Balance and Taxes Paid by Employers from 1985-April, 2003, Dollars (in Millions).



### Total Benefits Paid in this Recession Outstrip the Early '90s Downturn.

Total Unemployment Benefits Paid in Washington State from 1991-2002, Dollars in Millions.



#### Endnotes

1. Lawrence Chimerrine, et al., 1999. *Unemployment Insurance as an Economic Stabilizer: Evidence of Effectiveness Over Three Decades*. U.S. Department of Labor, Employment and Training Administration, UI Occasional Paper 99-8; 2. Ibid, 1999; 3. Ibid, 1999; 4. Consumer Expenditure Survey (CES), 2002. Employment Security Department, State of Washington: Author; 5. Ibid, 2002; 6. *Unemployment Insurance as Economic Stimulus*. 2001. Center on Budget and Policy Priorities.